

Senate File 2362 - Introduced

SENATE FILE 2362

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3223)

A BILL FOR

1 An Act relating to pari-mutuel racetracks, including by
2 providing for live dog racing at pari-mutuel dog racetracks,
3 providing for alternative licensure for dog racetracks, and
4 establishing fees, and including effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99D.2, subsection 9, Code 2014, is
2 amended to read as follows:

3 9. "*Racetrack enclosure*" means all real property utilized
4 for the conduct of a race meeting, including the racetrack,
5 grandstand, concession stands, offices, barns, kennels and
6 barn areas, employee housing facilities, parking lots, and
7 any additional areas designated by the commission. "*Racetrack*
8 *enclosure*" also means all real property utilized by a licensee
9 under this chapter who is not required to conduct live racing
10 pursuant to the requirements of section 99D.9A, on which
11 pari-mutuel wagering on simultaneously telecast horse or dog
12 races may be conducted and lawful gambling is authorized and
13 licensed as provided in this chapter and chapter 99F.

14 Sec. 2. NEW SECTION. 99D.9A Dog racetrack licensure —
15 discontinuance of live racing requirement — fees.

16 1. Upon written notification to the commission by September
17 1, 2014, and agreement to comply with the requirements of this
18 section, a licensee authorized to operate a pari-mutuel dog
19 racetrack and to conduct gambling games pursuant to section
20 99F.6 as of January 1, 2014, may, as of the live racing
21 cessation date, continue to maintain a license as provided
22 in this section for purposes of conducting gambling games
23 and pari-mutuel wagering on simultaneously telecast horse or
24 dog races without the requirement of scheduling performances
25 of live races at the dog racetrack. For purposes of this
26 section, the "live racing cessation date" is October 31, 2014,
27 for the licensee of the pari-mutuel dog racetrack located in
28 Dubuque county, and December 31, 2015, for the licensee of the
29 pari-mutuel dog racetrack located in Pottawattamie county.

30 2. Upon the live racing cessation date of a licensee, all
31 of the following shall occur:

32 a. The commission shall determine what portion of the
33 unexpended moneys in the dog racing promotion fund created in
34 section 99D.12 is attributable to the licensee as of the live
35 racing cessation date of the licensee and shall transfer those

1 moneys to the Iowa greyhound pari-mutuel racing fund created
2 in section 99D.9B.

3 *b.* Any agreement which was approved by the commission for
4 dog purse supplement payments for live racing by the licensee
5 shall be terminated.

6 *c.* Within thirty days after the live racing cessation date
7 of the licensee of the pari-mutuel dog racetrack located in
8 Pottawattamie county, the kennel owners and operators and
9 greyhound owners shall, at their expense, remove all of their
10 property including the greyhounds from the racetrack.

11 3. *a.* To maintain a license under this chapter to conduct
12 gambling games and pari-mutuel wagering on simultaneously
13 telecast horse or dog races without the requirement of
14 scheduling performances of live dog races, or to maintain a
15 license under section 99F.4A, subsection 9, the licensee as of
16 the date a payment under this subsection is due shall ensure
17 payment of the live racing cessation fee to the commission for
18 deposit in the Iowa greyhound pari-mutuel racing fund created
19 in section 99D.9B, as required by this subsection.

20 *b.* Except as provided in paragraph "c", the live racing
21 cessation fee shall be paid and determined as follows:

22 (1) For the licensee authorized to conduct gambling games in
23 Dubuque county pursuant to a license issued pursuant to section
24 99F.4A, subsection 9, the payment of one million dollars by
25 January 1, 2015, and one million dollars each succeeding
26 January 1 for six consecutive calendar years.

27 (2) For the pari-mutuel dog racetrack located in
28 Pottawattamie county, the payment of nine million two hundred
29 eighty-five thousand eight hundred dollars by January 1, 2016,
30 and nine million two hundred eighty-five thousand seven hundred
31 dollars each succeeding January 1 for six consecutive calendar
32 years.

33 *c.* (1) If the licensee at the pari-mutuel racetrack located
34 in Pottawattamie county as of January 1, 2014, fails to have
35 the licensee's license renewed, the licensee's obligation to

1 make any further payments as provided in this subsection shall
2 cease. However, the commission shall not issue a license to a
3 subsequent or successor licensee at the pari-mutuel racetrack
4 located in Pottawattamie county until all remaining unpaid
5 installments of the live racing cessation fee required under
6 this subsection are paid.

7 (2) If the licensee issued a license under section 99F.4A,
8 subsection 9, fails to have the license renewed, the licensee's
9 obligation to make any further payments as provided in this
10 subsection shall cease. However, the commission shall not
11 issue a license to a subsequent or successor licensee under
12 section 99F.4A, subsection 9, until all remaining installments
13 of the live racing cessation fee required under this subsection
14 are paid.

15 (3) If the manager of the pari-mutuel racetrack located
16 in Pottawattamie county as of January 1, 2014, pursuant to
17 a management contract with the licensee, ceases to be the
18 manager of the racetrack, the licensee's obligation to make any
19 further payments as provided in this subsection shall cease.
20 However, the commission shall not approve a management contract
21 with the licensee for a subsequent or successor manager until
22 all remaining installments of the live racing cessation fee
23 required under this subsection are paid.

24 4. Upon written notification to the commission by the
25 licensee of the pari-mutuel dog racetrack located in Dubuque
26 county as provided in subsection 1, all of the following shall
27 occur:

28 a. The licensee shall be authorized to maintain a license
29 issued to the licensee by the commission to conduct gambling
30 games pursuant to the requirements of section 99F.4A,
31 subsection 9.

32 b. The licensee shall maintain a license under this chapter
33 until December 31, 2014. The licensee shall, until the live
34 racing cessation date of the licensee, conduct pari-mutuel
35 wagering on live dog races and shall, until December 31, 2014,

1 be authorized to simultaneously telecast horse or dog races as
2 provided by an agreement to conduct live racing during the 2014
3 calendar year.

4 5. *a.* The licensee of the pari-mutuel dog racetrack located
5 in Pottawattamie county who is not required to conduct live
6 racing pursuant to the requirements of this section shall do
7 all of the following:

8 (1) Remain licensed under this chapter and pursuant
9 to section 99F.4A as a pari-mutuel dog racetrack licensed
10 to conduct gambling games and pari-mutuel wagering on
11 simultaneously telecast horse or dog races.

12 (2) Continue to pay the annual license fee and regulatory
13 fee as a pari-mutuel dog racetrack licensed to conduct gambling
14 games pursuant to the requirements of section 99F.4A.

15 (3) Comply with all other applicable requirements of
16 this chapter and chapter 99F except for those requirements
17 concerning live dog racing.

18 *b.* However, nothing in this chapter shall require the
19 licensee of the pari-mutuel dog racetrack in Pottawattamie
20 county to conduct pari-mutuel wagering on simultaneously
21 telecast horse or dog races to remain licensed under this
22 chapter or to conduct gambling games without the requirement of
23 scheduling performances of live dog races.

24 6. *a.* Compliance with the requirements of this section
25 and the establishment of the Iowa greyhound pari-mutuel racing
26 fund in section 99D.9B shall constitute a full satisfaction of
27 and discharge from any and all liability or potential liability
28 of a licensee authorized to conduct gambling games in Dubuque
29 county pursuant to section 99F.4A, subsection 9, the licensee
30 of the pari-mutuel dog racetrack located in Pottawattamie
31 county, and the Iowa greyhound association which may arise out
32 of either of the following:

33 (1) The discontinuance of live dog racing or simulcasting.

34 (2) Distributions made or not made from the Iowa greyhound
35 pari-mutuel racing fund created in section 99D.9B or the purse

1 escrow fund created in the arbitration decision issued in
2 December 1995 with regard to the purse supplements to be paid
3 at the pari-mutuel dog racetrack in Pottawattamie county.

4 *b.* Compliance with the requirements of this section and
5 establishment of the Iowa greyhound pari-mutuel racing fund in
6 section 99D.9B shall immunize a licensee authorized to conduct
7 gambling games in Dubuque county pursuant to a license issued
8 pursuant to section 99F.4A, subsection 9, the licensee of the
9 pari-mutuel dog racetrack located in Pottawattamie county, and
10 the Iowa greyhound association and their respective officers,
11 directors, employees, board members, and agents against claims
12 of liability as described in paragraph "a" made by any person
13 or entity.

14 Sec. 3. NEW SECTION. 99D.9B Iowa greyhound pari-mutuel
15 racing fund.

16 1. An Iowa greyhound pari-mutuel racing fund is created in
17 the state treasury under the control of the racing and gaming
18 commission.

19 2. The fund shall consist of all of the following:

20 *a.* Moneys in the dog racing promotion fund created in
21 section 99D.12 that were deposited in the fund from a dog
22 racetrack licensee that is no longer required to conduct live
23 dog races pursuant to section 99D.9A.

24 *b.* Moneys deposited in the fund from the live racing
25 cessation fee established in section 99D.9A.

26 3. *a.* Fifty percent of the moneys deposited in the fund
27 shall first be distributed to the Iowa greyhound association
28 for deposit in the escrow account established by the Iowa
29 greyhound association pursuant to the requirements of section
30 99D.9C, provided the Iowa greyhound association is licensed
31 under this chapter to conduct pari-mutuel wagering on live dog
32 races or simultaneously telecast horse or dog races pursuant to
33 the requirements of section 99D.9C, by December 15, 2014.

34 *b.* Moneys remaining in the fund following distribution to
35 the Iowa greyhound association as provided in this subsection

1 shall be under the sole control of the commission. The
 2 commission shall determine the method by which moneys remaining
 3 in the fund will be distributed. The commission may consider
 4 objective evidence, including purse payments to greyhound
 5 industry participants for the period beginning January 1, 2010,
 6 and ending December 31, 2014, in determining the method of
 7 distribution. The commission may hire an expert to assist
 8 in the task of making distributions from the fund. The
 9 commission may distribute moneys from the fund to greyhound
 10 industry participants, to no-kill animal adoption agencies
 11 to facilitate care for and adoption of greyhounds no longer
 12 racing as a result of the discontinuance of live racing,
 13 and to kennel owners and operators and greyhound owners for
 14 costs incurred in removing property from the dog racetrack
 15 located in Pottawattamie county as required by section 99D.9A,
 16 subsection 2, paragraph "c". Prior to adoption of any formula
 17 for distribution, the commission shall allow for input from
 18 greyhound industry participants. The distribution decisions of
 19 the commission shall be final. The commission may use moneys
 20 in the fund to pay its direct and indirect administrative
 21 expenses incurred in administering the fund, including the
 22 hiring of experts to assist in the commission's distribution
 23 determination.

24 4. Section 8.33 does not apply to moneys in the fund.
 25 Notwithstanding section 12C.7, subsection 2, interest or
 26 earnings on moneys deposited in the fund shall be credited to
 27 the fund.

28 5. The commission shall adopt rules to administer this
 29 section.

30 Sec. 4. NEW SECTION. 99D.9C Alternative dog racetrack and
 31 simulcasting licensure — live racing — lease agreement with
 32 gambling games licensee.

33 1. a. The Iowa greyhound association may submit an
 34 application to the commission for a license under this
 35 chapter to conduct pari-mutuel wagering on live dog races

1 or simultaneously telecast horse or dog races, subject
2 to the requirements of this section. Unless inconsistent
3 with the requirements of this section, the Iowa greyhound
4 association shall comply with all requirements for submitting
5 an application for a license under this chapter. If an
6 application is submitted by October 1, 2014, the commission
7 shall, subject to the requirements of section 99D.9 and this
8 section, determine whether to approve the application for a
9 license by December 1, 2014.

10 *b.* If the commission approves an application for a license
11 submitted by the Iowa greyhound association pursuant to section
12 99D.9 and this section, the terms and conditions of the license
13 shall, notwithstanding any provision of law to the contrary,
14 authorize the licensee to conduct pari-mutuel wagering on
15 live dog races or simultaneously telecast horse or dog races
16 conducted at a racetrack enclosure located in Dubuque county
17 subject to the requirements of a lease agreement entered into
18 pursuant to the requirements of this section. The terms and
19 conditions of the license shall also authorize the licensee
20 to conduct pari-mutuel wagering on simultaneously telecast
21 horse or dog races at the facility of a licensee authorized
22 to conduct gambling games under chapter 99F pursuant to an
23 agreement with the licensee of that facility as authorized by
24 this section. A licensee issued a license pursuant to this
25 section shall comply with all requirements of this chapter
26 applicable to licensees unless otherwise inconsistent with the
27 provisions of this section.

28 2. *a.* The Iowa greyhound association shall establish an
29 escrow fund under its control for the receipt and deposit
30 of moneys transferred to the Iowa greyhound association
31 pursuant to section 99D.9B. The Iowa greyhound association
32 shall use moneys in the escrow fund to pay all reasonable
33 and necessary costs and fees associated with conducting live
34 racing and pari-mutuel wagering on simultaneously telecast
35 horse or dog races, including but not limited to regulatory and

1 administrative fees, capital improvements, purse supplements,
2 operational costs, obligations pursuant to any purse supplement
3 agreement as amended and approved by the commission, payment
4 of rents for leased facilities and costs of maintenance of
5 leased facilities, payment for products and services provided
6 by the licensee authorized to conduct gambling games in Dubuque
7 county pursuant to section 99F.4A, subsection 9, costs to
8 maintain the license, costs for posting a bond as required by
9 section 99D.10, and administrative costs and fees incurred
10 in connection with the pursuit of the continuation of live
11 greyhound racing.

12 *b.* However, if the Iowa greyhound association is not
13 licensed to conduct pari-mutuel wagering on live dog races
14 or simultaneously telecast horse or dog races subject to the
15 requirements of this section or fails to conduct live dog
16 racing during any calendar year beginning on or after January
17 1, 2015, the Iowa greyhound association shall transfer any
18 unused moneys in the escrow fund to the commission for deposit
19 in the Iowa greyhound pari-mutuel racing fund created in
20 section 99D.9B and shall receive no further distributions from
21 the fund created in section 99D.9B. The commission shall
22 require that an annual audit be conducted and submitted to
23 the commission, in a manner determined by the commission,
24 concerning the operation of the escrow fund.

25 3. *a.* A license issued pursuant to this section shall
26 authorize the licensee to enter into an agreement with any
27 licensee authorized to conduct gambling games under chapter
28 99F to conduct, without the requirement to conduct live
29 horse or dog races at the facility, pari-mutuel wagering on
30 simultaneously telecast horse or dog races at the facility of
31 the licensee authorized to conduct gambling games under chapter
32 99F. A licensee under this section shall enter into no more
33 than one agreement per county to conduct pari-mutuel wagering
34 on simultaneously telecast horse or dog races with a licensee
35 authorized to conduct gambling games under chapter 99F.

1 *b.* If a lease agreement entered into with the city of
2 Dubuque pursuant to this section is terminated or is not
3 renewed or extended, the licensee authorized to conduct
4 gambling games in Dubuque county pursuant to a license issued
5 pursuant to section 99F.4A, subsection 9, shall be authorized
6 to enter into an agreement with a licensee issued a license
7 pursuant to this section to conduct pari-mutuel wagering on
8 simultaneously telecast horse or dog races at the facility of
9 the licensee as provided by this subsection.

10 *c.* If the Iowa greyhound association is licensed as provided
11 in this section and ceases to conduct live dog racing, all
12 revenue generated from an agreement to simultaneously telecast
13 horse or dog races as authorized by this subsection shall be
14 used solely for the purpose of supplementing Iowa-whelped dogs
15 racing at out-of-state facilities.

16 4. *a.* Upon written request by the Iowa greyhound
17 association to the city of Dubuque by July 8, 2014, the city of
18 Dubuque shall be authorized to enter into an initial five-year
19 lease agreement with a single option to renew the lease for
20 an additional five years with the Iowa greyhound association
21 beginning January 1, 2015, to permit the Iowa greyhound
22 association to conduct pari-mutuel wagering on live dog races
23 and simultaneously telecast horse or dog races at the dog
24 racetrack located in Dubuque county. The lease agreement shall
25 be contingent upon the Iowa greyhound association obtaining a
26 license pursuant to the requirements of this section.

27 *b.* The lease agreement shall provide for the following:

28 (1) An annual lease payment of one dollar during the initial
29 five-year lease for the racetrack enclosure, which includes the
30 racetrack, kennels, grandstand, and space for a new simulcast
31 facility, and one five-year renewal of the lease agreement at a
32 fair market rental rate.

33 (2) Employees at the racetrack enclosure involved in
34 pari-mutuel wagering as of the live racing cessation date, as
35 provided in section 99D.9A, shall be offered employment by the

1 Iowa greyhound association at the racetrack.

2 (3) Existing collective bargaining agreements concerning
3 employees at the racetrack shall be honored.

4 (4) Live dog racing requirements. The requirements shall
5 provide that the Iowa greyhound association conduct, for
6 calendar year 2015, no fewer than sixty live race days with
7 nine live races per day during the racing season, and for
8 calendar year 2016 and subsequent calendar years covered by the
9 lease agreement, no fewer than ninety-five live race days with
10 nine live races per day during each racing season. However,
11 upon mutual agreement by the parties subject to approval by
12 the commission, the number of race days for one or more live
13 racing seasons may be reduced so long as the Iowa greyhound
14 association conducts a minimum number of live races and racing
15 days during that season.

16 (5) Termination provisions, to include termination of the
17 agreement on January 1 of the year following the calendar year
18 in which live dog racing as required by the agreement was not
19 conducted by the Iowa greyhound association.

20 (6) Terms concerning contracts entered into for the conduct
21 of pari-mutuel wagering at the racetrack prior to the live
22 racing cessation date, as provided in section 99D.9A, at the
23 racetrack.

24 (7) Any other related items concerning the conduct of
25 pari-mutuel wagering at the dog racetrack and the operation of
26 the dog racetrack facility.

27 c. (1) If the parties are unable to reach agreement on
28 any of the terms of the initial lease agreement by October 1,
29 2014, or to reach agreement on the fair market rental rate
30 for purposes of the one five-year lease renewal by June 30,
31 2018, if the Iowa greyhound association requests arbitration
32 concerning the renewal by June 18, 2018, the disputed terms
33 of the lease shall be determined by binding arbitration
34 in accordance with the rules of the American arbitration
35 association as of the date for arbitration. A request for

1 arbitration shall be in writing and a copy of the request
2 shall be delivered to the other party. The parties shall each
3 select one arbitrator and the two arbitrators shall choose
4 a third arbitrator to complete the three-person arbitration
5 panel. Each party shall deliver its final offer on each of
6 the disputed items to the other party within fourteen days
7 after the request for arbitration. After consultation with
8 the parties, the arbitrators shall set a time and place for an
9 arbitration hearing. The parties may continue to negotiate
10 all offers until an agreement is reached or a decision is
11 rendered by the arbitrators. For purposes of determining the
12 fair market rental rate for purposes of the one five-year
13 lease renewal, either party may argue, and present arguments
14 and evidence, that the renewal lease rental rate should be
15 based upon the market value of similarly situated undeveloped
16 land, or upon its use as a greyhound track. The submission
17 of the disputed items to the arbitrators shall be limited to
18 those items upon which the parties have not reached agreement.
19 However, the arbitrators shall have no authority to extend the
20 term of the lease agreement beyond the initial five-year term
21 or the one five-year renewal.

22 (2) The arbitrators shall render a decision within
23 fifteen days after the hearing. The arbitrators shall give
24 written explanation for the decision and the decision of the
25 arbitrators shall be final and binding on the parties, and any
26 decision of the arbitrators may be entered in any court having
27 competent jurisdiction. The decision by the arbitrators and
28 the items agreed upon by the parties shall be deemed to be
29 the lease agreement between the parties and such final lease
30 agreement shall not be subject to the approval of the governing
31 body of the city of Dubuque, the Iowa greyhound association,
32 the commission, or any other government body. Each party to
33 the arbitration shall bear its own expenses, including attorney
34 fees, and the parties shall share equally the filing and other
35 administrative fees of the American arbitration association and

1 the expenses of the arbitrators.

2 Sec. 5. Section 99D.10, Code 2014, is amended to read as
3 follows:

4 **99D.10 Bond of licensee.**

5 A licensee licensed under section 99D.9, including a
6 licensee issued a license subject to the requirements of
7 section 99D.9C, shall post a bond to the state of Iowa before
8 the license is issued in a sum as the commission shall fix,
9 with sureties to be approved by the commission. The bond shall
10 be used to guarantee that the licensee faithfully makes the
11 payments, keeps its books and records and makes reports, and
12 conducts its racing in conformity with sections 99D.6 through
13 99D.23 and the rules adopted by the commission. The bond
14 shall not be canceled by a surety on less than thirty days'
15 notice in writing to the commission. If a bond is canceled
16 and the licensee fails to file a new bond with the commission
17 in the required amount on or before the effective date of
18 cancellation, the licensee's license shall be revoked. The
19 total and aggregate liability of the surety on the bond is
20 limited to the amount specified in the bond.

21 Sec. 6. Section 99D.11, subsection 6, paragraph b, Code
22 2014, is amended to read as follows:

23 b. (1) The commission may authorize the licensee to
24 simultaneously telecast within the racetrack enclosure or at
25 the facility of a licensee authorized to conduct gambling games
26 under chapter 99F, for the purpose of pari-mutuel wagering, a
27 horse or dog race licensed by the racing authority of another
28 state. It is the responsibility of each licensee to obtain
29 the consent of appropriate racing officials in other states as
30 required by the federal Interstate Horseracing Act of 1978,
31 15 U.S.C. § 3001 - 3007, to televise races for the purpose of
32 conducting pari-mutuel wagering.

33 (2) A licensee may also obtain the permission of a person
34 licensed by the commission to conduct horse or dog races in
35 this state to televise races conducted by that person for the

1 purpose of conducting pari-mutuel ~~racing~~ wagering. However,
 2 arrangements made by a licensee to televise any race for the
 3 purpose of conducting pari-mutuel wagering are subject to the
 4 approval of the commission, and the commission shall select the
 5 races to be televised. The races selected by the commission
 6 shall be the same for all licensees approved by the commission
 7 to televise races for the purpose of conducting pari-mutuel
 8 wagering. The Except for a licensee that is not obligated to
 9 schedule performances of live races pursuant to section 99D.9A,
 10 or a licensee issued a license subject to the requirements
 11 of section 99D.9C, the commission shall not authorize the
 12 simultaneous telecast or televising of and a licensee shall
 13 not simultaneously telecast or televise any horse or dog race
 14 for the purpose of conducting pari-mutuel wagering unless the
 15 simultaneous telecast or televising is done at the racetrack of
 16 a licensee that schedules no less than sixty performances of
 17 nine live races each day of the season.

18 (3) For purposes of the taxes imposed under this chapter,
 19 races televised by a licensee for purposes of pari-mutuel
 20 wagering shall be treated as if the races were held ~~at the~~
 21 ~~racetrack of~~ by the licensee. Notwithstanding any contrary
 22 provision in this chapter, the commission may allow a licensee
 23 to adopt the same deductions as those of the pari-mutuel
 24 racetrack from which the races are being simultaneously
 25 telecast.

26 Sec. 7. Section 99D.20, Code 2014, is amended to read as
 27 follows:

28 **99D.20 Audit of licensee operations.**

29 Within ninety days after the end of each calendar year,
 30 the licensee, including a licensee issued a license subject
 31 to the requirements of section 99D.9C, shall transmit to
 32 the commission an audit of the financial transactions and
 33 condition of the licensee's operations conducted under this
 34 chapter. Additionally, within ninety days after the end of
 35 the licensee's fiscal year, the licensee shall transmit to

1 the commission an audit of the licensee's total racing and
2 gaming operations, including an itemization of all expenses and
3 subsidies. All audits shall be conducted by certified public
4 accountants authorized to practice in the state of Iowa under
5 chapter 542 who are selected by the board of supervisors of the
6 county in which the licensee operates.

7 Sec. 8. Section 99F.1, subsection 21, Code 2014, is amended
8 to read as follows:

9 21. "*Racetrack enclosure*" means all real property utilized
10 for the conduct of a race meeting, including the racetrack,
11 grandstand, concession stands, offices, barns, kennels and
12 barn areas, employee housing facilities, parking lots, and
13 any additional areas designated by the commission. "*Racetrack*
14 *enclosure*" also means all real property utilized by a licensee
15 under chapter 99D who is not required to conduct live racing
16 pursuant to the requirements of section 99D.9A, on which
17 pari-mutuel wagering on simultaneously telecast horse or dog
18 races may be conducted and lawful gambling is authorized and
19 licensed as provided in this chapter.

20 Sec. 9. Section 99F.4A, Code 2014, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 9. a. Upon application, the commission
23 shall issue a license to the licensee of the pari-mutuel
24 dog racetrack located in Dubuque county as of the effective
25 date of this provision of this Act to conduct gambling games
26 at a gambling structure subject to the provisions of this
27 chapter and rules adopted pursuant to this chapter relating
28 to gambling. The licensee shall not be required to pay
29 any additional fees or be assessed any additional costs
30 for issuance of the license pursuant to this subsection and
31 shall be exempt, for purposes of the initial issuance of a
32 license under this subsection, from further investigation and
33 examination for a license to conduct gambling games pursuant to
34 this chapter.

35 b. To maintain a license pursuant to this subsection on

1 or after July 1, 2014, the licensee shall provide written
 2 notification to the commission by September 1, 2014, as
 3 provided in section 99D.9A, subsection 1, pay the live racing
 4 cessation fee as provided in section 99D.9A, and otherwise
 5 comply with the requirements of section 99D.9A applicable to
 6 the licensee. In addition, the licensee shall pay the annual
 7 license fee as specified in section 99F.5 and regulatory fee as
 8 a licensee authorized to conduct gambling games on a gambling
 9 structure and shall otherwise be required to comply with all
 10 requirements of this chapter applicable to a gambling games
 11 licensee not otherwise inconsistent with the requirements of
 12 this subsection.

13 Sec. 10. Section 99F.6, subsection 4, paragraph b, Code
 14 2014, is amended to read as follows:

15 b. (1) The commission shall authorize the ~~licensees~~
 16 licensee of the pari-mutuel dog racetracks racetrack located
 17 in Dubuque county ~~and Black Hawk county~~ to conduct gambling
 18 games as provided in section 99F.4A if the ~~licensees schedule~~
 19 licensee schedules at least one hundred thirty performances
 20 of twelve live races each day during a season of twenty-five
 21 weeks. For the pari-mutuel dog racetrack located in
 22 Pottawattamie county, the commission shall authorize the
 23 licensee to conduct gambling games as provided in section
 24 99F.4A if the licensee schedules at least two hundred ninety
 25 performances of twelve live races each day during a season
 26 of fifty weeks. ~~The~~ However, the requirement to schedule
 27 performances of live races for purposes of conducting gambling
 28 games under this chapter shall not apply to a licensee as of
 29 the live racing cessation date of the licensee as provided in
 30 section 99D.9A.

31 (2) If a pari-mutuel dog racetrack authorized to conduct
 32 gambling games as of January 1, 2014, is required to schedule
 33 performances of live races for purposes of conducting gambling
 34 games under this chapter during any calendar year, the
 35 commission shall approve an annual contract to be negotiated

1 between the annual recipient of the dog racing promotion fund
 2 and each dog racetrack licensee to specify the percentage or
 3 amount of gambling game proceeds which shall be dedicated to
 4 supplement the purses of live dog races. The parties shall
 5 agree to a negotiation timetable to insure no interruption
 6 of business activity. If the parties fail to agree, the
 7 commission shall impose a timetable. If the two parties cannot
 8 reach agreement, each party shall select a representative and
 9 the two representatives shall select a third person to assist
 10 in negotiating an agreement. The two representatives may
 11 select the commission or one of its members to serve as the
 12 third party. Alternately, each party shall submit the name
 13 of the proposed third person to the commission who shall then
 14 select one of the two persons to serve as the third party. All
 15 parties to the negotiations, including the commission, shall
 16 consider that the dog racetracks were built to facilitate the
 17 development and promotion of Iowa greyhound racing dogs in this
 18 state and shall negotiate and decide accordingly.

19 Sec. 11. TRANSITION PROVISIONS — PURSE SUPPLEMENTS. The
 20 annual contract under section 99F.6, subsection 4, paragraph
 21 "b", specifying the percentage or amount of gambling game
 22 proceeds which shall be dedicated to supplement the purses of
 23 live dog races conducted during the calendar year beginning
 24 January 1, 2014, at the pari-mutuel dog racetrack located in
 25 Pottawattamie county shall be extended to apply to live dog
 26 races conducted at the dog racetrack located in Pottawattamie
 27 county during the calendar year beginning January 1, 2015.

28 Sec. 12. EFFECTIVE UPON ENACTMENT. The following
 29 provision or provisions of this Act, being deemed of immediate
 30 importance, take effect upon enactment:

31 1. The section of this Act amending section 99F.4A.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with
 34 the explanation's substance by the members of the general assembly.

35 This bill relates to the conduct of live dog racing at

1 pari-mutuel dog racetracks authorized to conduct gambling
2 games.

3 Code section 99D.2, which provides definitions for
4 pari-mutuel wagering, is amended to provide that a racetrack
5 enclosure also includes real property utilized for purposes
6 of conducting pari-mutuel wagering on simultaneously telecast
7 horse or dog races and for lawful gambling authorized and
8 licensed as provided by Code chapters 99D and 99F.

9 New Code section 99D.9A allows a licensee authorized to
10 operate a pari-mutuel dog racetrack and to conduct gambling
11 games as of January 1, 2014, to, upon written notification
12 to the racing and gaming commission by September 1, 2014,
13 discontinue performances of live dog races as of the live
14 racing cessation date of the licensee and to maintain a license
15 for purposes of conducting gambling games and, if applicable,
16 pari-mutuel wagering on simultaneously telecast horse or dog
17 races. The bill provides that the live racing cessation
18 date is October 31, 2014, for the licensee of the racetrack
19 in Dubuque county, and December 31, 2015, for the licensee
20 of the racetrack in Pottawattamie county. Upon the live
21 racing cessation date, the racing and gaming commission shall
22 transfer any unexpended moneys in the dog racing promotion fund
23 attributable to the licensee to an Iowa greyhound pari-mutuel
24 racing fund created in the bill, and any agreement for dog
25 purse supplement payments for live racing shall be terminated.
26 In addition, the bill provides that greyhound and kennel owners
27 shall, within 30 days of the live racing cessation date,
28 remove all of their property including the greyhounds from the
29 racetrack located in Pottawattamie county. The bill provides
30 that each licensee, upon the applicable live racing cessation
31 date, shall commence paying a new live racing cessation fee for
32 deposit in the Iowa greyhound pari-mutuel racing fund. The
33 new Code section sets the total live racing cessation fee for
34 the pari-mutuel dog racetrack located in Dubuque county at \$7
35 million, payable in \$1 million installments each January 1 for

1 seven consecutive years beginning January 1, 2015. For the
2 pari-mutuel dog racetrack located in Pottawattamie county, the
3 total live racing cessation fee is \$65 million, payable in
4 installments over seven consecutive years beginning January 1,
5 2016. The bill provides that the obligation to pay the fee
6 ceases if either licensee, or the manager of the facility in
7 Pottawattamie county, who was the licensee or manager as of
8 January 1, 2014, is no longer the licensee or manager of the
9 facility, and that prior to issuing a license to a successor
10 licensee or entering into a new management agreement, all
11 remaining unpaid installments of the fee shall be paid.

12 The bill provides that the licensee of the racetrack
13 located in Dubuque county shall be authorized to maintain a
14 license under Code section 99F.4A, as provided in the bill, to
15 conduct gambling games on a gambling structure and to conduct
16 simulcast wagering until December 31, 2014. The licensee of
17 the racetrack located in Pottawattamie county shall remain
18 licensed under Code chapter 99D, shall not be required to
19 conduct live dog racing for purposes of conducting gambling
20 games, and shall be authorized, but not required, to conduct
21 pari-mutuel wagering on simultaneously telecast horse or dog
22 races without a live racing requirement. The new Code section
23 further provides that compliance with the requirements of
24 the Code section and the establishment of the Iowa greyhound
25 pari-mutuel racing fund constitute a full satisfaction of and
26 discharge from any liability of the licensees and the Iowa
27 greyhound association arising out of the discontinuance of live
28 dog racing as provided in the bill.

29 New Code section 99D.9B establishes an Iowa greyhound
30 pari-mutuel racing fund under the control of the racing
31 and gaming commission. The fund shall consist of moneys
32 transferred from the dog racing promotion fund, and moneys
33 from the live racing cessation fee established in new Code
34 section 99D.9A. Of the moneys deposited in the fund, 50
35 percent shall be distributed to the Iowa greyhound association

1 if the association is licensed and conducts live dog racing as
2 authorized by the bill. Moneys remaining in the fund may be
3 distributed by the commission to applicable greyhound industry
4 participants, to no-kill animal adoption agencies to facilitate
5 care for and adoption of greyhounds, and to kennel owners and
6 operators and greyhound owners for costs incurred in removing
7 property from the dog racetrack located in Pottawattamie
8 county.

9 New Code section 99D.9C authorizes the Iowa greyhound
10 association to apply for a license to conduct pari-mutuel
11 wagering on live dog races or simultaneously telecast horse
12 or dog races. The bill provides that if an application
13 is submitted by October 1, 2014, the racing and gaming
14 commission shall make a decision on the application by December
15 1, 2014. The license shall authorize the Iowa greyhound
16 association to conduct pari-mutuel wagering on live dog races
17 or simultaneously telecast horse or dog races conducted at a
18 racetrack enclosure located in Dubuque county, subject to the
19 requirements of a lease agreement entered into pursuant to the
20 Code section. The license shall also authorize the licensee
21 to conduct pari-mutuel wagering on simultaneously telecast
22 horse or dog races at the facility of a licensee authorized
23 to conduct gambling games under Code chapter 99F pursuant to
24 an agreement with the licensee of that facility as authorized
25 by the new Code section. The new Code section provides that
26 the Iowa greyhound association shall establish an escrow fund
27 for moneys received from the racing and gaming commission from
28 the Iowa greyhound pari-mutuel racing fund created in the bill
29 and provides for the allowable uses of the moneys. The bill
30 requires an annual audit of the fund and provides that any
31 moneys remaining in the fund if the Iowa greyhound association
32 is not licensed or does not conduct live dog racing be returned
33 to the Iowa greyhound pari-mutuel racing fund. The new Code
34 section limits the number of agreements to conduct pari-mutuel
35 wagering on simultaneously telecast horse or dog races at

1 the facility of a licensee authorized to conduct gambling
2 games under Code chapter 99F to one per county, establishes
3 requirements for entering into an agreement with a facility
4 located in Dubuque county, and requires that revenue generated
5 by the Iowa greyhound association from conducting pari-mutuel
6 wagering on simultaneously telecast horse or dog races be
7 utilized to supplement Iowa-whelped dogs racing out of state if
8 the association ceases to conduct live dog racing.

9 The bill further provides that, upon written request by the
10 Iowa greyhound association to the city of Dubuque by July 8,
11 2014, the city of Dubuque shall be authorized to enter into an
12 initial five-year lease agreement with a single option to renew
13 the lease for an additional five years with the Iowa greyhound
14 association beginning January 1, 2015, to permit the Iowa
15 greyhound association to conduct pari-mutuel wagering on live
16 dog races and simultaneously telecast horse or dog races at the
17 dog racetrack located in Dubuque county. The bill provides
18 for specific lease payment and live racing requirements, and
19 provides that if the parties are unable to reach agreement on
20 the terms of the lease agreement, the disputed terms will be
21 determined by binding arbitration.

22 Code section 99D.10, concerning bonding requirements, is
23 amended to be applicable to the Iowa greyhound association if
24 issued a license as provided by the bill.

25 Code section 99D.11, concerning pari-mutuel wagering on
26 simultaneously telecast horse or dog races, is amended to
27 allow such wagering at the facility of a licensee authorized
28 to conduct gambling games under Code chapter 99F and to allow
29 the licensee of the racetrack located in Pottawattamie county
30 that has complied with the requirements of new Code section
31 99D.9A, and the Iowa greyhound association, if licensed, to
32 conduct pari-mutuel wagering on simultaneously telecast horse
33 or dog races without the requirement of also conducting live
34 dog races.

35 Code section 99D.20, concerning auditing requirements, is

1 amended to be applicable to the Iowa greyhound association if
2 issued a license as provided by the bill.

3 Code section 99F.1, which provides definitions for gambling
4 game licensees, is amended to provide that a racetrack
5 enclosure also includes real property utilized for purposes
6 of conducting pari-mutuel wagering on simultaneously telecast
7 horse or dog races and for lawful gambling authorized and
8 licensed as provided by Code chapters 99D and 99F.

9 Code section 99F.4A, concerning gambling games at
10 racetracks, is amended by adding a new subsection requiring the
11 racing and gaming commission to issue, upon request, a license
12 to the licensee of the pari-mutuel dog racetrack located in
13 Dubuque county as of the effective date of this provision of
14 the bill to conduct gambling games at a gambling structure
15 subject to the provisions of Code chapter 99F relating to
16 gambling without payment of any additional licensure fees or
17 further examination by the commission for purposes of the
18 initial issuance of the license. The new provision requires
19 the licensee to comply with the requirements of new Code
20 section 99D.9A that apply to the licensee. The bill provides
21 that this new subsection takes effect upon enactment.

22 Code section 99F.6, concerning live racing requirements for
23 dog racetrack licensees authorized to conduct gambling games
24 under Code chapter 99F, is amended to eliminate the live racing
25 requirement upon the live racing cessation date as provided
26 in new Code section 99D.9A if the licensee provides written
27 notification to the racing and gaming commission as provided
28 in Code section 99D.9A.

29 The bill also includes a transition provision that provides
30 that the percentage or amount of gambling game proceeds which
31 shall be dedicated to supplement the purses of live dog races
32 conducted during the calendar year beginning January 1, 2014,
33 at the pari-mutuel dog racetrack located in Pottawattamie
34 county shall be extended to apply to live dog races conducted
35 at the racetrack during the calendar year beginning January 1,

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1 2015.